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Second annual progress report on the implementation of the capital master plan

Report of the Secretary-General*

Summary

The Secretary-General is pleased to submit his second annual progress report on the implementation of the capital master plan, pursuant to section II, paragraphs 31 and 34, of General Assembly resolution 57/292. The report outlines the activities undertaken during 2004, provides an update on the status of implementation since the first annual progress report (A/58/599) and seeks necessary appropriations to finance the continuation of activities in 2005.

* The issuance of the report was delayed to allow completion of consultations with the host country authorities.

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I. Introduction

1. The Secretary-General reported to the General Assembly at its fifty-fifth session (see A/55/117 and Add.1) that United Nations Headquarters in New York, built some 50 years ago, was seriously deficient in the areas of safety, energy efficiency and fire and building codes.

2. The Secretary-General's report examined the physical condition of the Headquarters complex, conformance with current host-city building, fire and safety codes, the reasonable life expectancy of its equipment and systems, and current building standards. The report found two serious deficiencies: (a) key building systems, including mechanical, electrical and waterproofing components, had severely deteriorated because of age and prolonged usage and (b) building performance standards, codes and user expectations had risen since the construction of the Headquarters complex, and the buildings no longer met minimum modern standards with respect to fire safety, security, energy conservation or accessibility for all persons.

3. The condition of building systems has reached the point where regular maintenance cannot keep pace with the rate of deterioration. Problems include major leaks, falling concrete, cracked pipes, exploding steam valves, electrical failures, energy loss through ageing windows, inaccurate fire-alarm signals and incomplete or non-existent fire-sprinkler systems. As the systems age, energy consumption costs are rising: it is estimated that 25 per cent of steam use is wasted through leaking valves or rusted piping. There are few energy sensors or controls at the Headquarters site. Sub-standard fire protection systems, the large quantity of asbestos in the buildings and the deficient security infrastructure could have disastrous consequences.

4. The detailed examination clearly shows that users of the Headquarters site, including delegates and staff members, have a lower chance of survival during a fire, consume more energy at a higher cost and face greater obstacles to accessibility and productivity than they would elsewhere in New York City or in other major cities of the world.

5. To remedy such deficiencies in a comprehensive, systematic and cost-efficient manner, the Secretary-General proposed the implementation of a long-term capital master plan.

6. The capital master plan is based on several assumptions: (a) Headquarters will remain in its current location; (b) the Headquarters complex should be energy efficient, free of hazardous materials and compliant with host-city building, fire and safety codes, and should provide full accessibility to all persons; (c) the Headquarters complex should meet all reasonable, modern-day security requirements; (d) the original architecture of this landmark facility should be preserved to the greatest extent possible; (e) disruption of the work of the United Nations should be kept to a minimum; and (f) the most cost-effective, technologically viable and environmentally friendly methods of implementation should be selected for all repairs and refurbishment.

7. By section IV of its resolution 55/238 of 23 December 2000, the General Assembly authorized, without prejudice to its final decision, the preparation of a comprehensive design plan and cost analysis to develop viable alternatives,

including measures designed to prevent cost overruns. It appropriated $8 million for that purpose.

8. In section II of its resolution 57/292 of 20 December 2002, the General Assembly appropriated $25.5 million for the capital master plan for the biennium 2002-2003 for design, related project management and management of pre-construction services for the baseline scope and scope options. It also authorized the Secretary-General to enter into commitments of up to $26 million for the biennium 2004-2005 to complete the work.

9. In July 2002, the city of New York indicated its willingness to consider the construction of a new building through the United Nations Development Corporation (UNDC). UNDC proposed that the new building, referred to as UNDC-5, could be utilized as swing space by the United Nations during the renovation of the existing Headquarters buildings and later could be used for the consolidation of offices and departments currently dispersed outside the United Nations main campus. In its resolution 57/292, the General Assembly welcomed the offer of support from the city and state of New York and acknowledged their efforts to make possible the implementation of the capital master plan.

10. In accordance with the provisions of section II, paragraph 29, of General Assembly resolution 57/292, the Secretary-General submitted to the Assembly the first progress report on the implementation of the capital master plan (A/58/599). The present report complements and updates that report and highlights further developments with respect to the capital master plan project.

II. Status of possible funding arrangements

11. In accordance with General Assembly resolution 57/292, on 5 March 2004 the Secretary-General submitted to the Assembly a report on the status of possible funding arrangements for the capital master plan (A/58/729). The report detailed the offer received from the host country of a loan of $1.2 billion for its financing. The offer from the host country was provisional in nature, and, as at the date of preparation of this report, remains subject to the approval of the United States Congress.

12. The initial scenario proposed by the host country in its offer assumed that the loan would be provided in three tranches during the construction phase of the capital master plan, and that interest would be paid annually on the advances received at a rate of 5.54 per cent. The scenario further assumed that in five years, upon completion of capital master plan construction, the advances made by the host country would be converted to a permanent loan over 25 years, with an interest rate of 5.54 per cent and with principal and interest paid annually. Annual repayments of principal and interest would amount to $89.8 million, and the total principal and interest repaid over the life of the loan, including the construction phase, would amount to $2.511 billion.

13. Since the submission of the first progress report, for the construction phase the Secretariat has solicited additional financing options from the host country that are more advantageous to the United Nations. Such options are based on the estimated cash-flow requirements for the capital master plan during construction, and provide

for repayment of the permanent loan on an annual basis over periods ranging from 5 to 25 years. Full details of these options are provided in annex I.

14. Consistent with both the original scenario and the additional financing options, the host country has since indicated that the maximum amount of the loan would be $1.2 billion and that the maximum period of repayment, including construction, would be 35 years. According to the host country, once approved by the United States Congress, a loan agreement between the host country and the United Nations must be entered into before 30 September 2005 (the end of the United States Government's fiscal year), or the offer lapses. Once an agreement is signed, the loan could be activated at any time over the next 35 years. The United Nations could ultimately draw down all or part of the $1.2 billion. The host country has informed the Secretary-General that if the United Nations signs the loan agreement but does not activate the loan, the latter will incur no liability.

15. The Secretary-General has sought the advice of commercial financial institutions concerning the offer from the host country and other options for the financing of the capital master plan. It was the opinion of the institutions contacted to date that the United Nations, in the current market, could not obtain a lower fixed rate than that proposed by the host country. Thus, the United Nations would likely achieve lower debt-service costs under the host country proposal than by borrowing directly in capital markets.

16. Consistent with paragraph 4 of the first progress report (A/58/599), the Secretariat also explored additional options in order to reduce the amount of interest payable over the course of the loan. Such options, however, are conditional on the United Nations using the offer of a loan from the host country as a guarantee, and on the loan's being structured in two distinct components: a loan for construction financing and a permanent loan.

17. With regard to the construction component of such a loan, three alternative methods of financing were explored. Each proposal is based on using financial instruments available in the capital markets for United States dollars. All three proposals are designed to take advantage of short-term interest rates, which currently and historically have been lower than long-term interest rates. Depending on interest rates at the time of capital master plan construction, the use of such a financial instrument could result in lower interest charges for the United Nations during the construction period. An example of one of the capital market alternatives is provided in annex I.

18. With regard to the permanent component of such a loan, the Secretariat has reviewed two alternatives. It is important to note that the use of capital markets for longer-term borrowing would be attractive when compared to the host country offer only if interest rates were lower than those of the host country offer at the time the long-term financing was put in place.

19. During both the construction financing and permanent-loan financing periods, the use of capital market alternatives will expose the United Nations to risk, especially with changes in interest rates on short-term borrowing. Such risk can be mitigated to an extent by having in place a loan agreement with the host country. The interest rates agreed for the loan with the host country effectively act as a ceiling for the level of short-term interest rates that the United Nations can incur. If

short-term interest rates rise above those defined in the agreement with the host country, the United Nations can activate the loan with the host country.

20. The above-stated financing proposals (including the capital market options) require that interest be paid on the amounts being borrowed by the United Nations. Such interest charges will have to be paid through contributions by Member States. Member States could consider two different payment schemes.

21. One would be the normal assessment process, commencing the year construction begins. Second, prior to the start of construction, a Member State could pay the totality of its assessed share of the $1.2 billion. A Member State choosing this option would have no commitment to meet any future interest charges associated with repayment of the loan from the host country. Any payments made in this manner by Member States would reduce the overall loan amount required from the host country.

22. The offer of an interest-bearing loan from the host country did not meet the expectations of the General Assembly. It does, however, provide a financing package for the capital master plan, and, if accepted by the General Assembly, it will allow the Organization to lock in the interest rate for the loan at the current interest-rate level. The offer of the loan, when used as a guarantee, will enable the United Nations to have access to capital-market interest rates that could, in particular during construction, reduce the interest costs for the United Nations. The host country offer could be accepted by the United Nations without requiring the United Nations to activate the loan. A decision to use capital-market financing instead of the host country loan to finance either the construction period of the capital master plan or the permanent loan should be made prior to construction, when a more accurate comparison between the market interest rates and the interest rates offered by the host country can be made.

23. Notwithstanding the above-stated options, the Secretary-General maintains the view that an interest-free loan would be the most advantageous option for the United Nations.

III. Status of progress made by the United Nations Development Corporation

24. The Secretary-General reported to the General Assembly at its fifty-seventh session (see A/57/285 and Corr.1) that in July 2002, the city of New York indicated its willingness to consider the construction by UNDC of a new building, referred to as UNDC-5, which would be designed to satisfy the need for swing space for conference and meeting rooms while the Headquarters complex was being refurbished under the first approach of the capital master plan. Although the United Nations would likely be able to locate available office space in the New York City area, it would be virtually impossible to identify comparable conference and meeting-room facilities to match current requirements.

25. UNDC-5 would serve as a temporary location for official meetings of intergovernmental bodies (as well as their support functions), and interim office use during the refurbishment of the Headquarters complex. During the interim period, UNDC-5 would meet all swing-space needs. The balance of the space would be devoted to general office space. Beyond the interim period, the building would be

converted to general office space, with the option to retain two meeting-space areas: one as a conference room and the other as a multi-function hall.

26. In its resolution 57/292, the General Assembly endorsed the proposal of the Secretary-General to complete negotiations with the city of New York for the construction and lease-purchase of UNDC-5. UNDC originally anticipated that the construction of UNDC-5 would begin in 2004. Although state and federal legislative changes would still be required, UNDC and the city of New York remain committed to the project.

Progress of work on the proposed new building

27. In early 2003, UNDC commenced a design competition for a new building. In December 2003, Maki and Associates (Japan) was selected as the design architect for UNDC-5, and a formal contract was signed in April 2004. Consultations between the UNDC-5 design architect and the Secretariat began in May 2004. Since that time, the parties have held biweekly meetings to discuss various aspects of the design and planning process.

28. The UNDC-5 design architect and the United Nations have also met with the architectural consultants, who are currently developing the programme for the Headquarters complex, including UNDC-5, both for the interim period and for permanent occupancy.

29. In July 2004, the United Nations, UNDC, the UNDC-5 design architect and representatives of the city of New York met to discuss security. On the basis of the threat level determined for UNDC-5, the UNDC design team has developed a specific design approach to mitigate potential threats. This design standard would require specially reinforced construction, resulting in significantly increased costs. The Secretariat is evaluating the recommended design standard through a risk-management process. Other options to mitigate the potential threat level will be studied and evaluated.

Cost parameters

30. It will be recalled that in annex I to the report of the Advisory Committee on Administrative and Budgetary Questions on the capital master plan (A/57/7/Add.4), the preliminary cost estimate for UNDC-5, developed in September 2002, was $315.8 million, including mitigation and other project costs. This preliminary cost estimate worked out to an estimated fixed rent of $27.59 per square foot in 2005, based upon a proposed 900,000 square-foot (83,613 square-metre) building. This compared favourably with the projected rental cost of $26.30 per square foot for UNDC-1 and UNDC-2 in 2005.

31. Recently, UNDC has presented an alternative building design of 1,009,850 square feet (93,818 square metres) at an estimated cost of $458.2 million, resulting in an estimated fixed rent of $39.32 per square foot. UNDC has been advised that the rental cost for UNDC-5 must approximate the planned rental cost for UNDC-1 and UNDC-2, in accordance with the proposal made to the United Nations in 2002.

32. The higher estimated cost of construction of UNDC-5 will have an impact on the overall costs of the capital master plan insofar as it incorporates an element for

the rental of swing space. The impact of such additional costs together with those associated with the rescheduling of the capital master plan will be studied in detail by the cost engineers when their contract commences later this year. The results of such studies will be reported to the Assembly during the resumed part of its fifty-ninth session.

Table 1
Projected average rent per square foot for UNDC-1 and UNDC-2 and range of projected average rent for UNDC-5[a]
(United States dollars)

	2009	*2013*	*2018*
Projected average rent for UNDC-1 and UNDC-2	30.96	35.89	41.78
Range of projected average rent for UNDC-5[b]	45.15-51.13	45.89-51.87	46.93-52.91

[a] Figures provided by UNDC.
[b] Dependent on agreement with UNDC and design of UNDC-5.

Mitigation plan

33. The Advisory Committee on Administrative and Budgetary Questions, in its report to the General Assembly (A/57/7/Add.4), noted that the city of New York had expressed its readiness to support the capital master plan project and had indicated its willingness to consider the construction of a new building through UNDC. The proposed site is on First Avenue between 41st and 42nd Streets (currently the site of Robert Moses Park). The use of this site would require that the city make some provision for park amenities for the community to compensate for the loss of the playground.

34. The city of New York has proposed that an esplanade park be constructed along the eastern perimeter of the United Nations site between 42nd and 48th Streets to offset the loss of a portion of Robert Moses Park. It is anticipated by the city of New York that the cost of this mitigation would be funded through UNDC bonds for the new building.

35. The General Assembly, in its resolution 57/292, endorsed the proposal for the new building on the park site, including the cost of providing alternative amenities for the community. The city of New York is still in discussion with the community and local officials regarding the design scope of the proposed esplanade park, as well as other aspects of park mitigation.

36. In addition to the agreement with the community regarding mitigation measures, two important legislative steps are required by the state of New York. One is to extend the development district of UNDC to include the proposed building site, and the other is to "demap/alienate" the park site. The United Nations understands that the New York legislature intends to consider relevant legislation in 2005.

37. The Secretary-General recognizes that, notwithstanding the fact that upon expiry of the lease-purchase agreement the UNDC-5 building and the land on which it stands would become the property of the United Nations, the increase in the costs

of the proposed UNDC-5 building could call into question the viability of the building as swing space for the capital master plan and as a long-term consolidation building for the United Nations. Accordingly, the Secretary-General will identify and evaluate other options for swing space to accommodate both the meetings of the General Assembly and the Secretariat during the capital master plan construction phase.

IV. Establishment of an advisory board

38. In line with section II, paragraph 19, of General Assembly resolution 57/292, the Secretary-General has initiated the process of establishing an advisory board, which will initially focus on providing advice on possible commercial borrowing and other financing options available, and on architectural issues. It is anticipated that the advisory board will be established before the end of 2004.

39. The objectives of the advisory board are:

(a) To offer advice to the Secretary-General on any aspect of the capital master plan;

(b) To act as a sounding board on major project concepts;

(c) To assist the Secretary-General with decisions on financial issues related to the plan.

V. Progress of the design work for the refurbishment of United Nations Headquarters

40. Work for the refurbishment of United Nations Headquarters is in the design development phase. The design work is organized into multiple contracts. A request for proposals for the various contracts was issued in February 2003. The contract for overall functional programming was executed in January 2004. Four other design contracts were executed on 25 June 2004, one is expected to be executed by September 2004, and three smaller specialty contracts will be executed in 2005.

Detailed design work

41. The first activity being carried out in the design development phase is confirmation of the details of the scope of refurbishment of buildings, site and systems, in accordance with General Assembly resolution 57/292. Each design firm will prepare a scope confirmation report for its work, including baseline scope, and the relevant firms will report on scope options for (a) additional security, (b) redundancy and contingency and (c) sustainability, as well as the option of creating two large on-site spaces — a large conference room and a multi-function hall. The approved scope confirmation reports will provide a coordinated framework for detailed design development work, as well as for the cost estimates.

42. It will be recalled that the Secretary-General has also issued, as requested by the General Assembly in its resolution 57/292, reports on plans for three additional conference rooms and viable solutions for allowing natural light into the rooms

(A/58/556) and viable options for ensuring sufficient parking space at United Nations Headquarters (A/58/712), whereby he submitted relevant proposals for the allocation of conference and parking space at Headquarters. Decisions on these proposals would greatly facilitate the design development process.

43. The capital master plan is also working in close coordination with the architectural team designing UNDC-5 on matters such as a common security system, mail distribution, environmental certification and permanent and temporary space programming.

44. The duration of design development work will vary among the contracts, with all design development projected to be complete by September 2005. The construction documents phase will follow, in which the final drawings and specifications to be used for bidding and construction will be prepared. The programme management firm will assist the United Nations in organizing the schedule for completion of the design work and in planning the timing and methodology for the construction bidding.

Functional programming

45. The functional programming process is well under way. A contractor is responsible for developing the size and general location of space for functions at the United Nations Headquarters, both for interim locations and for final locations after the renovation. This required interviewing all major offices and identifying existing staffing and space, and, most importantly, existing workflow and interactions with other departments or outside entities. Departments have also been asked about any future changes in the way that they work or in their staffing. This information has been organized into an analysis report, which created a snapshot of the current situation, the key relationships that must be maintained during relocation and best practices for specific functions in comparable external organizations.

46. As a next step, a series of recommendations will be prepared for locations, juxtapositions and size of offices for both interim and permanent locations. After approval by the Secretariat, these will be used by all the design firms (including the design firm for UNDC-5) as a guide for the types of spaces that will be located in each building. The particular focus of this effort was to identify critical infrastructure elements, efficiency, best use of the buildings and use of external best practices. The recommendations have not addressed specific locations for various office-space occupants; such decisions will be made as close as is practical to the time of the actual relocations.

47. The services provided by the contractor also include a monitoring role. As the designers for various portions of the Headquarters buildings develop specific plans, each submission will be reviewed by the functional programming firm to ensure that the overall recommended programme is being maintained on an integrated basis, so as to ensure that no duplication of effort occurs and that no elements are omitted.

Office-space guidelines

48. The capital master plan will provide a unique opportunity to improve the work environment for United Nations staff through improved office-space guidelines. An

independent expert analysis has been conducted, including an assessment of user requirements through a series of departmental focus groups, an appraisal of the planning potential of the Secretariat building and a review of best practices globally in both the public and private sectors. The Secretary-General has approved new office-space guidelines, which would be applied to the proposed UNDC-5 building and the renovated Headquarters complex.

49. A communication and change-management programme will be required to help in the transition to this different type of work environment. A particular effort to reduce the storage of paper documents will also be required. The new office-space standards, if consistently applied, could significantly increase the efficiency and, therefore, the capacity of the Secretariat building. Equally important, they will provide a more flexible, consistent and supportive work environment for the future functioning of the Secretariat.

VI. Procurement update

50. Thirteen contracts, in the total amount of $10.4 million, have been awarded since the beginning of the design development phase of the capital master plan in 2003. These include the five design contracts for the design development phase and related contracts for advisory services required for the capital master plan. In addition, the contract for design services for the Secretariat and South Annex buildings and the contract for the provision of programme management services for the design development phase, in an estimated total amount of $3.8 million, will be finalized shortly.

VII. Status of appropriations and expenditures

51. In its resolution 57/292, the General Assembly appropriated $25.5 million for the first design phase of the capital master plan, namely, design development, and provided commitment authority of $26 million for the biennium 2004-2005 for the second design phase, consisting of the preparation of construction documents.

52. The design development phase was originally anticipated to be completed in 2004 and the construction documents phase by the end of 2005. The procurement and contracting process has taken longer than anticipated, and as a result the design development phase is now projected to be completed in 2005, with construction documents completed in 2006. Although it will take longer than expected, the design development and construction documents phases are projected to be completed within the budgets approved and the level of commitment authority provided by the General Assembly in its resolution 57/292.

53. In 2003, actual expenditure amounted to $3.205 million, as shown in table 2. The total projected expenditure for 2004 is $19.364 million. As at 31 July 2004, $9.582 million had already been committed towards the design phase of the capital master plan. This amount consists of $7.852 million for contractual services, $1.177 million for staff and support costs and $0.553 million for operating and other costs. The balance of $9.782 million is expected to be committed by December 2004 and will consist of $8.177 million for contractual services, $1.541 million for staff and support costs and $0.064 million for operating and other costs.

54. As mentioned in paragraph 52 above, the design development phase is projected to be completed in 2005. Table 2 shows the total breakdown of costs for completing the design development phase, including the required cost for 2005. The current progress of work indicates that the construction documents phase will be completed by late 2006. Its costs are detailed in table 3.

Table 2
Design development phase
(Thousands of United States dollars)

	2003	*2004*	*2005*	*Total*
Design contractual services	612	13 640	1 138	15 390
United Nations project management				
Direct staff costs	1 610	2 022	974	4 606
Support costs	181	696	348	1 225
Programme management and consultants[a]	246	2 389	203	2 838
Operating and other costs	556	617	268	1 441
Total	**3 205**	**19 364**	**2 931**	**25 500**

[a] Classified as contractual services in the financial statements.

Table 3
Construction documents phase
(Thousands of United States dollars)

	2005	*2006*	*Total*
Design contractual services	15 166	2 612	17 778
United Nations project management			
Direct staff costs	1 364	2 338	3 702
Support costs	348	450	798
Programme management and consultants	1 437	1 395	2 832
Operating and other costs	327	563	890
Total	**18 642**	**7 358**	**26 000**

55. As the Secretary-General will need to provide for expenditure to be incurred under the capital master plan in 2005 and 2006, it is necessary to adjust the commitment authority granted in section II, paragraph 26, of resolution 57/292 into an appropriation for the biennium 2004-2005 for the 2005 expenditure and to extend the commitment authority for the balance of requirements into the biennium 2006-2007.

56. Annex II provides an illustrative expenditure pattern for the period 2003 to 2006. This includes the overall design development and construction documents phases for the capital master plan.

VIII. Conclusions and recommendations

57. **The Secretary-General recommends that the General Assembly:**

(a) **Reaffirm its decision in resolution 57/292 to implement the capital master plan;**

(b) **Decide, if a formal offer of the proposed loan from the host country is received, to take this matter up again during the resumed part of its fifty-ninth session;**

(c) **Also decide to review during the resumed part of its fifty-ninth session the proposals of the Secretary-General for the allocation of conference and parking space at Headquarters contained in documents A/58/556 and A/58/712;**

(d) **Encourage the Secretary-General to continue negotiations with the city and state of New York for the construction of a new consolidation building (UNDC-5) at a lease-purchase cost in line with the lease costs of UNDC-1 and UNDC-2;**

(e) **Request the Secretary-General, in the light of the negotiations with the city and state of New York, to continue to evaluate other options for swing space to accommodate both the meetings of the General Assembly and the Secretariat during the capital master plan construction phase;**

(f) **Decide to convert into an appropriation for the biennium 2004-2005 an amount of $18,642,000 of the commitment authority of $26 million approved for the biennium 2004-2005 in section II, paragraph 26, of resolution 57/292 and to extend the validity of the residual balance of the commitment authority, in the amount of $7,358,000, into the biennium 2006-2007 so as to provide for the continuation of design work and related project management and management of pre-construction services for the baseline scope and scope options of the capital master plan.**

Annex I

Financing options

(Millions of United States dollars)

Total loan amount: 1,200
Tranches:[a] year 1 = 200
year 2 = 350
year 3 = 350
year 4 = 250
year 5 = 50

	Construction financing				*Permanent loan*					*Total*	
Option No.	*Source*	*Period of loan (years)*	*Interest rate*[b]	*Cumulative interest payments*	*Source*	*Period of loan (years)*	*Interest rate*	*Annual repayment*	*Cumulative interest payments*	*Total interest payments*	*Total principal and interest*
1	United States loan	5	5.549%	221.96	United States loan	25	5.549%	89.89	1 047.19	1 269.15	2 469.15
2	United States loan	5	5.402%	216.08	United States loan	20	5.402%	99.60	792.01	1 008.09	2 208.09
3	United States loan	5	5.220%	208.80	United States loan	15	5.220%	117.34	560.04	768.84	1 968.84
4	United States loan	5	5.011%	200.44	United States loan	10	5.011%	155.49	354.89	555.33	1 755.33
5	United States loan	5	4.895%	195.80	United States loan	5	4.895%	276.37	181.83	377.63	1 577.63
6	Capital markets	5	1.700%[c]	57.80	United States loan	25	5.485%	89.33	1 033.21	1 091.01	2 291.01
7	Capital markets	5	1.700%[c]	57.80	United States loan	20	5.283%	98.62	772.30	830.10	2 030.10
8	Capital markets	5	1.700%[c]	57.80	United States loan	15	5.006%	115.66	534.86	592.66	1 792.66
9	Capital markets	5	1.700%[c]	57.80	United States loan	10	4.595%	152.36	323.64	381.44	1 581.44
10	Capital markets	5	1.700%[c]	57.80	United States loan	5	3.843%	268.36	141.82	199.62	1 399.62

[a] The tranches are based on anticipated disbursements under the capital master plan during the five-year construction period.
[b] Interest will be paid annually during the construction period.
[c] Based on three-month LIBOR in August 2004.

Annex II

Cost estimates for the design development and construction documents phases

(Thousands of United States dollars)

	2003[a]	*2004*	*2005*	*2006*	*Total*
Architectural and engineering design	612	13 640	16 304	2 612	33 168
United Nations project management					
Direct staff costs	1 610	2 022	2 338	2 338	8 308
Support costs	181	696	696	450	2 023
Programme management and consultants	246	2 389	1 640	1 395	5 670
Operating and other costs	556	617	595	563	2 331
Total	**3 205**	**19 364**	**21 573**	**7 358**	**51 500**

[a] Actual expenditures.